S&P debt adjustments for WPL
($'s in millions)

	(as reported by S&P)	(as calculated by WPL using stated methodology)			
	12/31/2007	**12/31/2007**	**12/31/2008**	**12/31/2009**	**12/31/2010**
Operating leases	$ 25,800,000	$ 26,788,031	$ 23,037,250	**$ 20,088,402**	$ 10,935,835
Power-purchase agreements	$ 214,200,000	$ 147,692,980	$ 121,687,199	**$ 109,155,924**	$ 84,648,726
Postretirement benefit obligations	$ 33,000,000	$ 33,930,000	$ 105,950,000	**$ 98,930,000**	$ 95,030,000
Asset retirement obligations	$ 7,700,000	$ 7,670,000	$ 11,635,000	**$ 12,350,000**	$ 13,065,000
Total	$ 280,700,000	$ 216,081,012	$ 262,309,449	**$ 240,524,326**	$ 203,679,561

Data Sources:

Operating lease information is from WPL's operating lease footnote (3) in the 10-K and company workpapers supporting the footnote disclosure.

The operating lease footnote (3) discloses minimum lease payments for certain PPAs, synthetic leases, and other operating leases.

Power-purchase agreements information is from the Purchased Power table shown in WPL's Commitments and Contingencies footnote (12) in the 10-K and company workpa

Postretirement benefit obligations information is from WPL's benefit plans footnote (6) in the 10-K.

Asset retirement obligations information is from AEC's footnote (18) in the 10-K.

WPL OBS Adjustments ($'s in millions)

Discount Rate 6.79% 2007 13-Mo. Avg. embedded cost of debt as calculated by WPL

1. Operating Leases (excluding PPAs classified as operating leases)

	Minimum lease payments: Synthetic Leases Amount	Minimum lease payments: Other Leases Amount	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2008	$ 2,609,207	$ 2,126,400	$ 4,735,607	100.0%	$ 4,735,606.5	1	0.936417	$ 4,735,607	$ 4,434,504	
2009	$ 2,609,207	$ 1,928,737	$ 4,537,944	100.0%	$ 4,537,943.6	2	0.876877	$ 4,537,944	$ 3,979,220	
2010	$ 5,332,144	$ 1,340,247	$ 6,672,391	100.0%	$ 6,672,391.0	3	0.821123	$ 6,672,391	$ 5,478,854	
2011	$ 1,387,909	$ 1,191,303	$ 2,579,212	100.0%	$ 2,579,212.3	4	0.768914	$ 2,579,212	$ 1,983,192	
2012	$ 1,387,909	$ 1,158,917	$ 2,546,826	100.0%	$ 2,546,826.4	5	0.720024	$ 2,546,826	$ 1,833,777	
Thereafter	$ 6,082,033	$ 8,276,265	$ 14,358,298	100.0%	$ 14,358,298.2	6	0.674243	$ 4,786,099	$ 3,226,994	
	$ 19,408,409	$ 16,021,869	$ 35,430,278		$ 35,430,278.1	7	0.631373	$ 4,786,099	$ 3,021,813	
						8	0.591228	$ 4,786,099	$ 2,829,678	
			Additional Years of Payments		3.0				$ 26,788,031	Potential debt equivalent
									100%	Risk factor
									$ 26,788,031	**OBS Debt Adjustment - Operating Leases (excluding PPAs classified as operating leases)**

2a. PPAs classified as Operating Leases

	Minimum lease payments Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2008	$ 71,954,854	100.0%	$ 71,954,854	1	0.936417	$ 71,954,854	$ 67,379,767	
2009	$ 63,489,696	100.0%	$ 63,489,696	2	0.876877	$ 63,489,696	$ 55,672,673	
2010	$ 57,549,923	100.0%	$ 57,549,923	3	0.821123	$ 57,549,923	$ 47,255,568	
2011	$ 58,420,785	100.0%	$ 58,420,785	4	0.768914	$ 58,420,785	$ 44,920,547	
2012	$ 59,237,926	100.0%	$ 59,237,926	5	0.720024	$ 59,237,926	$ 42,652,738	
Thereafter	$ 17,120,417	100.0%	$ 17,120,417	6	0.674243	$ 17,120,417	$ 11,543,322	
	$ 327,773,600		$ 327,773,600				$ 269,424,615	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		1.0				**$ 107,769,846**	**OBS Debt Adjustment - PPAs classified as Operating Leases**

2b. Energy-only PPAs (including Kewaunee)

	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2008	$ 18,134,778	100%	$ 18,134,778	1	0.936417	$ 18,134,778	$ 16,981,719	
2009	$ 18,862,027	100%	$ 18,862,027	2	0.876877	$ 18,862,027	$ 16,539,683	
2010	$ 19,427,888	100%	$ 19,427,888	3	0.821123	$ 19,427,888	$ 15,952,686	
2011	$ 20,010,724	100%	$ 20,010,724	4	0.768914	$ 20,010,724	$ 15,386,522	
2012	$ 20,611,046	100%	$ 20,611,046	5	0.720024	$ 20,611,046	$ 14,840,451	
Thereafter	$ 31,369,905	100%	$ 31,369,905			$ 31,369,905	$ 20,106,774	
	$ 128,416,367		$ 128,416,367				$ 99,807,835	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		2.0				**$ 39,923,134**	**OBS Debt Adjustment - Energy-Only PPAs (Including Kewaunee)**

2c. Other PPAs (not-classified as operating leases)

	Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2008	$ -	100%	$ -	1	0.936417	$ -	$ -	
2009	$ -	100%	$ -	2	0.876877	$ -	$ -	
2010	$ -	100%	$ -	3	0.821123	$ -	$ -	
2011	$ -	100%	$ -	4	0.768914	$ -	$ -	
2012	$ -	100%	$ -	5	0.720024	$ -	$ -	
Thereafter	$ -	100%	$ -					
	$ -		$ -				$ -	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		#DIV/0!				**$ -**	**OBS Debt Adjustment - Other PPAs not-classified as Operating Leases**

Total PPAs

	Amount	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV
2008	$ 90,089,631	$ 90,089,631	1	0.936417	$ 90,089,631	$ 84,361,486
2009	$ 82,351,722	$ 82,351,722	2	0.876877	$ 82,351,722	$ 72,212,356

	2010	$ 76,977,811		$ 76,977,811	3	0.821123	$ 76,977,811	$ 63,208,254	
	2011	$ 78,431,509		$ 78,431,509	4	0.768914	$ 78,431,509	$ 60,307,070	
	2012	$ 79,848,972		$ 79,848,972	5	0.720024	$ 79,848,972	$ 57,493,189	
	Thereafter	$ 48,490,322		$ 48,490,322			$ 48,490,322	$ 31,650,096	
				$ 456,189,967				$ 369,232,451	Potential Debt Equivalent
								40%	Risk factor
			Additional Years of Payments	1.0				**$ 147,692,980**	**OBS Debt Adjustment - Total PPAs**
3. Postretirement benefit obligations							Other		
						Qualified	Postretirement		
						Pension Benefits	Benefits	Total	
					Net projected benefit obligation at measurement date	$ 238,600,000	$ 87,700,000	$ 326,300,000	
					Fair value of plan assets at measurement date	$ (253,300,000)	$ (20,900,000)	$ (274,200,000)	
					Federal subsidy on other postretirement benefits paid	$ -	$ 100,000	$ 100,000	
					(Over)/under funded status	$ (14,700,000)	$ 66,900,000	$ 52,200,000	Potential Debt Equivalent
								100%	Risk factor
								0.65	Tax effect (= 1 - 0.35 [tax rate])
								$ 33,930,000	**OBS Debt Adjustment - Postretirement benefit obligations**
4. Asset retirement obligations							Balance at 12/31	$ 11,800,000	Potential Debt Equivalent
								100%	Risk factor
								0.65	Tax effect (= 1 - 0.35 [tax rate])
								$ 7,670,000	**OBS Debt Adjustment - Asset retirement obligations**

WPL OBS Adjustments ($'s in millions)

Discount Rate 6.71% 2008 13-Month Avg. Cost of Debt

1. Operating Leases (excluding PPAs classified as operating leases)

	Minimum lease payments: Synthetic Leases Amount	Minimum lease payments: Other Leases Amount	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2009	$ 2,599,197	$ 1,784,238	$ 4,383,435	100.0%	$ 4,383,435.0	1	0.937119	$ 4,383,435	$ 4,107,802	
2010	$ 5,322,135	$ 5,234,495	$ 10,556,630	100.0%	$ 10,556,630.0	2	0.878193	$ 10,556,630	$ 9,270,754	
2011	$ 1,377,900	$ 951,430	$ 2,329,330	100.0%	$ 2,329,329.6	3	0.822971	$ 2,329,330	$ 1,916,971	
2012	$ 1,377,900	$ 913,039	$ 2,290,939	100.0%	$ 2,290,938.6	4	0.771222	$ 2,290,939	$ 1,766,823	
2013	$ 1,377,900	$ 860,883	$ 2,238,782	100.0%	$ 2,238,782.5	5	0.722727	$ 2,238,782	$ 1,618,029	
Thereafter	$ 4,570,160	$ 2,071,537	$ 6,641,697	100.0%	$ 6,641,697.5	6	0.677282	$ 3,320,849	$ 2,249,150	
	$ 16,625,191	$ 11,815,622	$ 28,440,813		$ 28,440,813.3	7	0.634694	$ 3,320,849	$ 2,107,722	
									$ 23,037,250	Potential debt equivalent
			Additional Years of Payments		2.0				100%	Risk factor
									$ 23,037,250	**OBS Debt Adjustment - Operating Leases (excluding PPAs classified as operating leases)**

2a. PPAs classified as Operating Leases

	Minimum lease payments Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2009	$ 63,321,543	100.0%	$ 63,321,543	1	0.937119	$ 63,321,543	$ 59,339,840	
2010	$ 57,379,250	100.0%	$ 57,379,250	2	0.878193	$ 57,379,250	$ 50,390,032	
2011	$ 58,247,534	100.0%	$ 58,247,534	3	0.822971	$ 58,247,534	$ 47,936,043	
2012	$ 59,062,082	100.0%	$ 59,062,082	4	0.771222	$ 59,062,082	$ 45,549,988	
2013	$ 17,069,596	100.0%	$ 17,069,596	5	0.722727	$ 17,069,596	$ 12,336,661	
Thereafter	$ -	100.0%	$ -				$ -	
	$ 255,080,005		$ 255,080,005				$ 215,552,564	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		-				**$ 86,221,026**	**OBS Debt Adjustment - PPAs classified as Operating Leases**

2b. Energy-only PPAs (including Kewaunee)

	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2009	$ 18,862,027	100%	$ 18,862,027	1	0.937119	$ 18,862,027	$ 17,675,969	
2010	$ 19,427,888	100%	$ 19,427,888	2	0.878193	$ 19,427,888	$ 17,061,427	
2011	$ 20,010,724	100%	$ 20,010,724	3	0.822971	$ 20,010,724	$ 16,468,250	
2012	$ 20,611,046	100%	$ 20,611,046	4	0.771222	$ 20,611,046	$ 15,895,696	
2013	$ 21,229,377	100%	$ 21,229,377	5	0.722727	$ 21,229,377	$ 15,343,049	
Thereafter	$ 10,140,527	100%	$ 10,140,527			$ 10,140,527	$ 6,221,043	
	$ 110,281,590		$ 110,281,590				$ 88,665,433	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		1.0				**$ 35,466,173**	**OBS Debt Adjustment - Energy-Only PPAs (Including Kewaunee)**

2c. Other PPAs (not-classified as operating leases)

	Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2009	$ -	100%	$ -	1	0.937119	$ -	$ -	
2010	$ -	100%	$ -	2	0.878193	$ -	$ -	
2011	$ -	100%	$ -	3	0.822971	$ -	$ -	
2012	$ -	100%	$ -	4	0.771222	$ -	$ -	
2013	$ -	100%	$ -	5	0.722727	$ -	$ -	
Thereafter	$ -	100%	$ -					
	$ -		$ -				$ -	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		#DIV/0!				**$ -**	**OBS Debt Adjustment - Other PPAs not-classified as Operating Leases**

Total PPAs

	Amount	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV
2009	$ 82,183,570	$ 82,183,570	1	0.937119	$ 82,183,570	$ 77,015,809
2010	$ 76,807,138	$ 76,807,138	2	0.878193	$ 76,807,138	$ 67,451,458

	2011	$ 78,258,258		$ 78,258,258	3	0.822971	$ 78,258,258	$ 64,404,293	
	2012	$ 79,673,128		$ 79,673,128	4	0.771222	$ 79,673,128	$ 61,445,685	
	2013	$ 38,298,974		$ 38,298,974	5	0.722727	$ 38,298,974	$ 27,679,710	
	Thereafter	$ 10,140,527		$ 10,140,527			$ 10,140,527	$ 6,221,043	
				$ 365,361,595				$ 304,217,998	Potential Debt Equivalent
								40%	Risk factor
			Additional Years of Payments	1.0				**$ 121,687,199**	**OBS Debt Adjustment - Total PPAs**
3. Postretirement benefit obligations							Other		
						Qualified	Postretirement		
						Pension Benefits	Benefits	Total	
					Net projected benefit obligation at measurement date	$ 252,900,000	$ 89,300,000	$ 342,200,000	
					Fair value of plan assets at measurement date	$ (164,600,000)	$ (14,600,000)	$ (179,200,000)	
					Federal subsidy on other postretirement benefits paid	$ -	$ -	$ -	
					(Over)/under funded status	$ 88,300,000	$ 74,700,000	$ 163,000,000	Potential Debt Equivalent
								100%	Risk factor
								0.65	Tax effect (= 1 - 0.35 [tax rate])
								$ 105,950,000	**OBS Debt Adjustment - Postretirement benefit obligations**
4. Asset retirement obligations							Balance at 12/31	$ 17,900,000	Potential Debt Equivalent
								100%	Risk factor
								0.65	Tax effect (= 1 - 0.35 [tax rate])
								$ 11,635,000	**OBS Debt Adjustment - Asset retirement obligations**

WPL OBS Adjustments ($'s in millions)

Discount Rate	7.03%	2009 13-Month Avg. Cost of Debt

1. Operating Leases (excluding PPAs classified as operating leases)

	Minimum lease payments Synthetic Leases Amount	Other Leases Amount	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2010	$ 5,322,135	$ 5,234,495	$ 10,556,630	100.0%	$ 10,556,630.0	1	0.934317	$ 10,556,630	$ 9,863,244	
2011	$ 1,377,900	$ 951,430	$ 2,329,330	100.0%	$ 2,329,329.6	2	0.872949	$ 2,329,330	$ 2,033,386	
2012	$ 1,377,900	$ 913,039	$ 2,290,939	100.0%	$ 2,290,938.6	3	0.815612	$ 2,290,939	$ 1,868,516	
2013	$ 1,377,900	$ 860,883	$ 2,238,782	100.0%	$ 2,238,782.5	4	0.762040	$ 2,238,782	$ 1,706,042	
2014	$ 3,673,454	$ 582,016	$ 4,255,470	100.0%	$ 4,255,469.8	5	0.711988	$ 4,255,470	$ 3,029,841	
Thereafter	$ 896,706	$ 1,489,521	$ 2,386,228	100.0%	$ 2,386,227.7	6	0.665222	$ 2,386,228	$ 1,587,372	
	$ 14,025,994	$ 10,031,384	$ 24,057,378		$ 24,057,378.2					
									$ 20,088,402	Potential debt equivalent
									100%	Risk factor
			Additional Years of Payments		1.0				**$ 20,088,402**	**OBS Debt Adjustment - Operating Leases (excluding PPAs classified as operating leases)**

2a. PPAs classified as Operating Leases

	Minimum lease payments Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2010	$ 57,379,250	100.0%	$ 57,379,250	1	0.934317	$ 57,379,250	$ 53,610,437	
2011	$ 58,247,534	100.0%	$ 58,247,534	2	0.872949	$ 58,247,534	$ 50,847,135	
2012	$ 59,062,082	100.0%	$ 59,062,082	3	0.815612	$ 59,062,082	$ 48,171,722	
2013	$ 17,069,596	100.0%	$ 17,069,596	4	0.762040	$ 17,069,596	$ 13,007,719	
2014	$ -	100.0%	$ -	5	0.711988	$ -	$ -	
Thereafter	$ -	100.0%	$ -				$ -	
	$ 191,758,462		$ 191,758,462				$ 165,637,014	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		-				**$ 66,254,805**	**OBS Debt Adjustment - PPAs classified as Operating Leases**

2b. Energy-only PPAs (including Kewaunee)

	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2010	$ 23,787,868	100%	$ 23,787,868	1	0.934317	$ 23,787,868	$ 22,225,421	
2011	$ 23,004,578	100%	$ 23,004,578	2	0.872949	$ 23,004,578	$ 20,081,827	
2012	$ 23,694,715	100%	$ 23,694,715	3	0.815612	$ 23,694,715	$ 19,325,686	
2013	$ 24,405,557	100%	$ 24,405,557	4	0.762040	$ 24,405,557	$ 18,598,016	
2014	$ 5,946,915	100%	$ 5,946,915	5	0.711988	$ 5,946,915	$ 4,234,129	
Thereafter	$ 43,895,574	100%	$ 43,895,574			$ 43,895,574	$ 22,787,717	
	$ 144,735,207		$ 144,735,207				$ 107,252,796	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		2.0				**$ 42,901,118**	**OBS Debt Adjustment - Energy-Only PPAs (Including Kewaunee)**

2c. Other PPAs (not-classified as operating leases)

	Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2010	$ -	100%	$ -	1	0.934317	$ -	$ -	
2011	$ -	100%	$ -	2	0.872949	$ -	$ -	
2012	$ -	100%	$ -	3	0.815612	$ -	$ -	
2013	$ -	100%	$ -	4	0.762040	$ -	$ -	
2014	$ -	100%	$ -	5	0.711988	$ -	$ -	
Thereafter	$ -	100%	$ -					
	$ -		$ -				$ -	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		#DIV/0!				**$ -**	**OBS Debt Adjustment - Other PPAs not-classified as Operating Leases**

Total PPAs

	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV
2010	$ 81,167,119	1	0.934317	$ 81,167,119	$ 75,835,858
2011	$ 81,252,112	2	0.872949	$ 81,252,112	$ 70,928,962

		2012			$ 82,756,797		3	0.815612	$ 82,756,797	$ 67,497,408	
		2013			$ 41,475,153		4	0.762040	$ 41,475,153	$ 31,605,735	
		2014			$ 5,946,915		5	0.711988	$ 5,946,915	$ 4,234,129	
		Thereafter			$ 43,895,574					$ 22,787,717	
					$ 336,493,669					$ 272,889,810	Potential Debt Equivalent
										40%	Risk factor
				Additional Years of Payments	1.0					**$ 109,155,924**	**OBS Debt Adjustment - Total PPAs**
3. Postretirement benefit obligations									Other		
								Qualified	Postretirement		
								Pension Benefits	Benefits	Total	
							Net projected benefit obligation at measurement date	$ 264,100,000	$ 91,900,000	$ 356,000,000	
							Fair value of plan assets at measurement date	$ (186,500,000)	$ (17,300,000)	$ (203,800,000)	
							Federal subsidy on other postretirement benefits paid	$ -	$ -	$ -	
							(Over)/under funded status	$ 77,600,000	$ 74,600,000	$ 152,200,000	Potential Debt Equivalent
										100%	Risk factor
										0.65	Tax effect (= 1 - 0.35 [tax rate])
										$ 98,930,000	**OBS Debt Adjustment - Postretirement benefit obligations**
4. Asset retirement obligations									Balance at 12/31	$ 19,000,000	Potential Debt Equivalent
										100%	Risk factor
										0.65	Tax effect (= 1 - 0.35 [tax rate])
										$ 12,350,000	**OBS Debt Adjustment - Asset retirement obligations**

WPL OBS Adjustments ($'s in millions)

Discount Rate 6.89% 2010 13-Month Avg. Cost of Debt

1. Operating Leases (excluding PPAs classified as operating leases)

	Minimum lease payments: Synthetic Leases Amount	Minimum lease payments: Other Leases Amount	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2011	$ 1,377,900	$ 951,430	$ 2,329,330	100.0%	$ 2,329,329.6	1	0.935541	$ 2,329,330	$ 2,179,184	
2012	$ 1,377,900	$ 913,039	$ 2,290,939	100.0%	$ 2,290,938.6	2	0.875237	$ 2,290,939	$ 2,005,115	
2013	$ 1,377,900	$ 860,883	$ 2,238,782	100.0%	$ 2,238,782.5	3	0.818821	$ 2,238,782	$ 1,833,161	
2014	$ 3,673,454	$ 582,016	$ 4,255,470	100.0%	$ 4,255,469.8	4	0.766040	$ 4,255,470	$ 3,259,862	
2015	$ 896,706	$ 372,380	$ 1,269,087	100.0%	$ 1,269,086.7	5	0.716662	$ 1,269,087	$ 909,507	
Thereafter	$ -	$ 1,117,141	$ 1,117,141	100.0%	$ 1,117,141.0	6	0.670467	$ 1,117,141	$ 749,006	
	$ 8,703,860	$ 4,796,889	$ 13,500,748		$ 13,500,748.2					
									$ 10,935,835	Potential debt equivalent
									100%	Risk factor
			Additional Years of Payments		1.0				**$ 10,935,835**	**OBS Debt Adjustment - Operating Leases (excluding PPAs classified as operating leases)**

2a. PPAs classified as Operating Leases

	Minimum lease payments Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2011	$ 58,247,534	100.0%	$ 58,247,534	1	0.935541	$ 58,247,534	$ 54,492,968	
2012	$ 59,062,082	100.0%	$ 59,062,082	2	0.875237	$ 59,062,082	$ 51,693,340	
2013	$ 17,069,596	100.0%	$ 17,069,596	3	0.818821	$ 17,069,596	$ 13,976,937	
2014	$ -	100.0%	$ -	4	0.766040	$ -	$ -	
2015	$ -	100.0%	$ -	5	0.716662	$ -	$ -	
Thereafter	$ -	100.0%	$ -			$ -	$ -	
	$ 134,379,212		$ 134,379,212				$ 120,163,246	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		-				**$ 48,065,298**	**OBS Debt Adjustment - PPAs classified as Operating Leases**

2b. Energy-only PPAs (including Kewaunee)

	Total Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2011	$ 23,004,578	100%	$ 23,004,578	1	0.935541	$ 23,004,578	$ 21,521,731	
2012	$ 23,694,715	100%	$ 23,694,715	2	0.875237	$ 23,694,715	$ 20,738,500	
2013	$ 24,405,557	100%	$ 24,405,557	3	0.818821	$ 24,405,557	$ 19,983,773	
2014	$ 5,946,915	100%	$ 5,946,915	4	0.766040	$ 5,946,915	$ 4,555,577	
2015	$ 6,125,322	100%	$ 6,125,322	5	0.716662	$ 6,125,322	$ 4,389,788	
Thereafter	$ 37,770,252	100%	$ 37,770,252				$ 20,269,200	
	$ 120,947,338		$ 120,947,338				$ 91,458,569	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		2.0				**$ 36,583,427**	**OBS Debt Adjustment - Energy-Only PPAs (Including Kewaunee)**

2c. Other PPAs (not-classified as operating leases)

	Amount	Adjustment Factor	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV	
2011	$ -	100%	$ -	1	0.935541	$ -	$ -	
2012	$ -	100%	$ -	2	0.875237	$ -	$ -	
2013	$ -	100%	$ -	3	0.818821	$ -	$ -	
2014	$ -	100%	$ -	4	0.766040	$ -	$ -	
2015	$ -	100%	$ -	5	0.716662	$ -	$ -	
Thereafter	$ -	100%	$ -					
	$ -		$ -				$ -	Potential debt equivalent
							40%	Risk factor
	Additional Years of Payments		#DIV/0!				**$ -**	**OBS Debt Adjustment - Other PPAs not-classified as Operating Leases**

Total PPAs

	Adjusted Amount	Year	Discount Factor	Adjusted Amount	PV
2011	$ 81,252,112	1	0.935541	$ 81,252,112	$ 76,014,699
2012	$ 82,756,797	2	0.875237	$ 82,756,797	$ 72,431,840

		2013			$ 41,475,153		3	0.818821	$ 41,475,153	$ 33,960,710	
		2014			$ 5,946,915		4	0.766040	$ 5,946,915	$ 4,555,577	
		2015			$ 6,125,322		5	0.716662	$ 6,125,322	$ 4,389,788	
		Thereafter			$ 37,770,252				$ 37,770,252	$ 20,269,200	
					$ 255,326,550					$ 211,621,815	Potential Debt Equivalent
										40%	Risk factor
				Additional Years of Payments	1.0					**$ 84,648,726**	**OBS Debt Adjustment - Total PPAs**
3. Postretirement benefit obligations									Other		
								Qualified	Postretirement		
								Pension Benefits	Benefits	Total	
							Net projected benefit obligation at measurement date	$ 275,700,000	$ 95,300,000	$ 371,000,000	
							Fair value of plan assets at measurement date	$ (204,100,000)	$ (20,700,000)	$ (224,800,000)	
							Federal subsidy on other postretirement benefits paid	$ -	$ -	$ -	
							(Over)/under funded status	$ 71,600,000	$ 74,600,000	$ 146,200,000	Potential Debt Equivalent
										100%	Risk factor
										0.65	Tax effect (= 1 - 0.35 [tax rate])
										$ 95,030,000	**OBS Debt Adjustment - Postretirement benefit obligations**
4. Asset retirement obligations									Balance at 12/31	$ 20,100,000	Potential Debt Equivalent
										100%	Risk factor
										0.65	Tax effect (= 1 - 0.35 [tax rate])
										$ 13,065,000	**OBS Debt Adjustment - Asset retirement obligations**

Additional information for WPL's recurring fair value measurements using significant unobservable inputs (Level 3 inputs) for 2008 is as follows (in millions):

	Derivative Assets and Liabilities, net
Beginning balance, Jan. 1, 2008	$12.7
Total gains or (losses) (realized/unrealized) included in changes in net assets (a)	20.6
Purchases, sales, issuances and settlements, net	(18.9)
Ending balance, Dec. 31, 2008	$14.4
The amount of total gains or (losses) for the period included in changes in net assets attributable to the change in unrealized gains or (losses) relating to assets and liabilities held at Dec. 31, 2008 (a)	$14.4

(a) Recorded in "Regulatory assets" and "Regulatory liabilities" on WPL's Condensed Consolidated Balance Sheet.

Refer to Notes 1(s) and 10 of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information on SFAS 157.

(12) COMMITMENTS AND CONTINGENCIES

(a) Capital Purchase Obligations - In September 2008 and April 2008, WPL received approval from the Federal Energy Regulatory Commission (FERC) and the PSCW, respectively, to purchase Resources' 300 MW, simple-cycle, dual-fueled (natural gas/diesel) electric generating facility in Neenah, Wisconsin. WPL currently plans to acquire the Neenah Energy Facility for $95 million effective June 1, 2009.

(b) Operating Expense Purchase Obligations - WPL enters into various commodity supply, transportation and storage contracts to meet its obligation to deliver energy to its customers. WPL also enters into other operating expense purchase obligations with various vendors for other goods and services. At Dec. 31, 2008, WPL's minimum commitments related to these operating expense purchase obligations were as follows (Kewaunee Nuclear Power Plant (Kewaunee); in millions):

	2009	2010	2011	2012	2013	Thereafter	Total
Purchased power (a):							
Kewaunee	$83	$83	$62	$73	$79	$--	$380
Other	132	74	12	--	--	--	218
	215	157	74	73	79	--	598
Natural gas	149	42	22	21	18	46	298
Coal (b)	11	10	7	7	14	--	49
Other (c)	5	3	1	--	--	--	9
	$380	$212	$104	$101	$111	$46	$954

(a) Includes payments required by purchased power contracts for capacity rights and minimum quantities of megawatt-hours required to be purchased. Based on a system coordination and operating agreement, Alliant Energy periodically allocates purchased power contracts to WPL and Interstate Power and Light Company (IPL), based on various factors such as resource mix, load growth and resource availability. The amounts in the table reflect these allocated contracts. Refer to Note 20 for additional information regarding the allocation of purchased power transactions.

(b) WPL enters into coal transportation contracts that are directly assigned to its specific generating stations, the amounts of which are included in the table. In addition, Corporate Services entered into system-wide coal contracts on behalf of WPL and IPL of $111 million, $99 million, $87 million and $7 million for 2009 to 2012, respectively, to allow flexibility for the changing needs of the quantity of coal consumed by each. Coal contract quantities are allocated to specific WPL or IPL generating stations at or before the time of delivery based on various factors including projected heat input requirements, combustion compatibility and efficiency. These system-wide coal contracts have not yet been directly assigned to WPL and IPL since the specific needs of each utility are not yet known and therefore are excluded from the table.

(c) Includes individual commitments incurred during the normal course of business that exceeded $1 million at Dec. 31, 2008.

WPL enters into certain contracts that are considered leases and are therefore not included here, but are included in Note 3(a).

WISCONSIN POWER AND LIGHT COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Except as modified below, the Alliant Energy Corporation (Alliant Energy) "Notes to Consolidated Financial Statements" are incorporated by reference insofar as they relate to Wisconsin Power and Light Company (WPL) and incorporate the disclosures relating to WPL contained in the following notes of the Alliant Energy "Notes to Consolidated Financial Statements":

Summary of Significant Accounting Policies	Note 1(a) to 1(e), 1(g) to 1(k), 1(m), 1(n), 1(p) to 1(s)
Utility Rate Refunds	Note 2
Leases	Note 3
Receivables	Note 4(d)
Income Taxes	Note 5
Benefit Plans	Note 6
Common and Preferred Stock	Note 7
Debt	Note 8
Investments	Note 9(c)
Fair Value Measurements	Note 10
Derivative Instruments	Note 11
Commitments and Contingencies	Note 12(a) to 12(f), 12(h)
Jointly-Owned Electric Utility Plant	Note 13
Goodwill and Other Intangible Assets	Note 15
Assets Held for Sale	Note 17
Discontinued Operations	Note 18
Variable Interest Entities	Note 19
Related Parties	Note 20

The notes that follow herein set forth additional specific information for WPL and are numbered to be consistent with the Alliant Energy "Notes to Consolidated Financial Statements."

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General - The consolidated financial statements include the accounts of WPL and its primary consolidated subsidiary, WPL Transco LLC. WPL is a direct subsidiary of Alliant Energy and is engaged principally in the generation and distribution of electric energy, the distribution and transportation of natural gas, and various other energy-related services. WPL's service territories are located in south and central Wisconsin.

(3) LEASES

(a) Operating Leases - WPL has entered into various agreements related to property, plant and equipment rights that are accounted for as operating leases. WPL's most significant operating leases relate to certain purchased power agreements (PPAs). These PPAs contain fixed rental payments related to capacity and transmission rights and contingent rental payments related to the energy portion (actual megawatt-hours) of the respective agreements. Rental expenses associated with WPL's operating leases were as follows (in millions):

	2008	2007	2006
Operating lease rental expenses (excluding contingent rentals)	**$77**	$96	$90
Contingent rentals related to certain PPAs	**7**	19	23
Other contingent rentals	**--**	1	1
	$84	$116	$114

At Dec. 31, 2008, WPL's future minimum operating lease payments, excluding contingent rentals, were as follows (in millions):

	2009	2010	2011	2012	2013	Thereafter	Total
Riverside Energy Center (Riverside) PPA	$57	$57	$58	$59	$17	$--	$248
RockGen Energy Center (RockGen) PPA	7	--	--	--	--	--	7
Synthetic leases	3	5	1	1	1	6	17
Other	1	6	2	1	1	1	12
	$68	$68	$61	$61	$19	$7	$284

The synthetic leases in the above table relate to the financing of certain utility railcars. The entities that lease these assets to WPL do not meet the consolidation requirements per Financial Accounting Standards Board Interpretation No. (FIN) 46R, "Consolidation of Variable Interest Entities," and are not included on WPL's Consolidated Balance Sheets. WPL has guaranteed the residual value of the related assets, which total $7 million in the aggregate. The guarantees extend through the maturity of each respective underlying lease with remaining terms up to seven years. Residual value guarantee amounts have been included in the above table.

(b) Capital Lease - In 2005, WPL entered into a 20-year agreement with Alliant Energy Resources, LLC's (Resources') Non-regulated Generation business to lease the Sheboygan Falls Energy Facility (SFEF), with an option for two lease renewal periods thereafter. The lease became effective in 2005 when SFEF began commercial operations. WPL is responsible for the operation of SFEF and has exclusive rights to its output. In 2005, the Public Service Commission of Wisconsin (PSCW) approved this affiliated lease agreement with initial monthly payments of approximately $1.3 million. The lease payments were based on a 50% debt to capital ratio, a return on equity of 10.9%, a cost of debt based on the cost of senior notes issued by Resources' Non-regulated Generation business in 2005 and certain costs incurred to construct the facility. In accordance with its order approving the lease agreement, the PSCW will review the capital structure, return on equity and cost of debt every five years from the date of the order. The capital lease asset is amortized using the straight-line method over the 20-year lease term. WPL's retail rate cases, beginning with the 2005/2006 retail rate case that became effective in July 2005, include recovery of the monthly SFEF lease payment amounts from WPL's customers. In 2008, 2007 and 2006, SFEF lease expenses were $18.8 million, $19.0 million and $19.3 million ($12.6 million, $12.8 million and $13.1 million included in "Interest expense" and $6.2 million, $6.2 million and $6.2 million included in "Depreciation and amortization" in WPL's Consolidated Statements of Income), respectively. At Dec. 31, 2008, WPL's estimated future minimum capital lease payments for SFEF were as follows (in millions):

2009	2010	2011	2012	2013	Thereafter	Total	Less: amount representing interest	Present value of net minimum capital lease payments
$15	$15	$15	$15	$15	$173	$248	$132	$116

(5) INCOME TAXES

Income Tax Expense (Benefit) - The components of "Income taxes" in WPL's Consolidated Statements of Income were as follows (in millions):

	2008	2007	2006
Current tax expense:			
Federal	**$22.1**	$55.8	$18.4
State	**10.5**	10.2	2.1
Deferred tax expense (benefit):			
Federal	**34.2**	(4.0)	36.6
State	**3.3**	(1.3)	6.6
Investment tax credits	**(1.4)**	(1.5)	(1.5)
Provision recorded as a change in uncertain tax benefits	**0.1**	--	--
Provision recorded as a change in accrued interest	**(0.4)**	0.1	--
	$68.4	$59.3	$62.2

(a) CDD are calculated using a simple average of the high and low temperatures each day compared to a 65 degree base. Normal degree days are calculated using a rolling 20-year average of historical CDD.

Alliant Energy typically utilizes weather derivatives based on CDD and HDD to reduce the potential volatility on its margins during the summer months of June through August and the winter months of November through March, respectively. Alliant Energy entered into weather derivatives based on CDD in Cedar Rapids, Iowa and Madison, Wisconsin for the periods June 1, 2008 to Aug. 31, 2008 and June 1, 2007 to Aug. 31, 2007 and weather derivatives based on CDD in Chicago, Illinois for the period June 1, 2006 to Aug. 31, 2006. Alliant Energy entered into weather derivatives based on HDD in Cedar Rapids, Iowa and Madison, Wisconsin for the periods Nov. 1, 2008 to March 31, 2009 and Nov. 1, 2007 to March 31, 2008 and weather derivatives based on HDD in Chicago, Illinois for the periods Nov. 1, 2006 to March 31, 2007.

The weather derivatives utilized for June 1, 2006 to Aug. 31, 2006 did not produce the results expected by Alliant Energy. While CDD had historically been highly correlated between Chicago, Illinois and Alliant Energy's service territories, this was not the case in 2006 as CDD were 16% above normal in Chicago, Illinois during June 1 to Aug. 31, compared to 12% below normal in Cedar Rapids, Iowa. Alliant Energy estimated this lack of correlation resulted in it incurring losses from the weather derivatives that exceeded by approximately $6 million the positive impact on its demand from the warmer than normal weather conditions during June 1, 2006 to Aug. 31, 2006. In addition, Alliant Energy estimated the impact on demand compared to normal weather during September 2008, 2007 and 2006 (such months were not covered by weather derivatives) was ($2) million (all at IPL), $2 million ($1 million at IPL and $1 million at WPL) and ($6) million (($4) million at IPL and ($2) million at WPL), respectively.

Purchased Power Capacity Costs - Alliant Energy enters into PPAs to help meet the electricity demand of its customers. Certain of these PPAs include minimum payments for IPL's and WPL's rights to electric generating capacity. Details of purchased power capacity costs included in the electric margin table above were as follows (in millions):

	2008	2007	2006
DAEC PPA (IPL)	**$134**	$132	$122
Kewaunee PPA (WPL)	**62**	70	68
Riverside PPA (WPL)	**56**	57	53
RockGen PPA (WPL)	**16**	16	15
Flood-related PPA (IPL) - Summer of 2008 only	**6**	--	--
Minnesota Power PPA (WPL) - Expired December 2007	**--**	16	15
Other	**12**	8	5
Total	**$286**	$299	$278

At Dec. 31, 2008, the future estimated purchased power capacity costs related to the DAEC (expires in 2014), Kewaunee (expires in 2013), Riverside (expires in 2013) and RockGen (expires in 2009) PPAs were as follows (in millions):

	2009	2010	2011	2012	2013	2014
DAEC PPA (IPL)	$140	$143	$146	$152	$154	$28
Kewaunee PPA (WPL)	74	73	52	60	63	--
Riverside PPA (WPL)	57	57	58	59	17	--
RockGen PPA (WPL)	7	--	--	--	--	--

Unbilled Revenue Estimates - In the second quarter of each year, when weather impacts on electric sales volumes are historically minimal, Alliant Energy refines its estimates of unbilled electric revenues. Adjustments resulting from these refined estimates can increase (e.g. 2008 and 2006) or decrease (e.g. 2007) electric margins reported in the second quarter. Estimated increases (decreases) in Alliant Energy's electric margins from the annual adjustments to unbilled revenue estimates recorded in the second quarter were as follows (in millions):

	2008	2007	2006
IPL	**$3**	($2)	$3
WPL	**--**	(4)	4
Alliant Energy	**$3**	($6)	$7

Ratings Triggers - The long-term debt of Alliant Energy and its subsidiaries is not subject to any repayment requirements as a result of explicit credit rating downgrades or so-called "ratings triggers." However, Alliant Energy and its subsidiaries are parties to various agreements, including PPAs, fuel contracts and corporate guarantees that are dependent on maintaining investment-grade credit ratings. In the event of a downgrade below investment-grade level, Alliant Energy or its subsidiaries may need to provide credit support, such as letters of credit or cash collateral equal to the amount of the exposure, or may need to unwind the contract or pay the underlying obligation. In the event of a downgrade below investment-grade level, management believes Alliant Energy, IPL and WPL have sufficient liquidity to cover counterparty credit support or collateral requirements under the various agreements with ratings triggers.

Off-Balance Sheet Arrangements -

Synthetic Leases - Alliant Energy utilizes off-balance sheet synthetic operating leases related to the financing of certain corporate headquarters and utility railcars. Synthetic leases provide favorable financing rates to Alliant Energy while allowing it to maintain operating control of its leased assets. Refer to Note 3 of the "Notes to Consolidated Financial Statements" for future minimum lease payments and residual value guarantees associated with these synthetic leases.

Special Purpose Entities - IPL uses special purpose entities for its accounts receivable sale program. IPL uses proceeds from the sale of accounts receivable and unbilled revenues to maintain flexibility in its capital structure, take advantage of favorable short-term interest rates and finance a portion of its long-term cash needs. The sale of accounts receivable provides liquidity to IPL. Refer to Note 4(a) of Alliant Energy's "Notes to Consolidated Financial Statements" for aggregate proceeds from the sale of accounts receivable. Alliant Energy has reviewed these special purpose entities and determined that consolidation of these entities is not required. Refer to Note 19 of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information regarding Financial Accounting Standards Board Interpretation No. (FIN) 46R, "Consolidation of Variable Interest Entities."

Guarantees and Indemnifications - Alliant Energy has several guarantees and indemnifications outstanding related to its prior divestiture activities. Refer to Note 12(d) of Alliant Energy's "Notes to Consolidated Financial Statements" for additional information.

Certain Financial Commitments -

Contractual Obligations - Alliant Energy's, IPL's and WPL's consolidated long-term contractual obligations as of Dec. 31, 2008 were as follows (in millions):

Alliant Energy	2009	2010	2011	2012	2013	Thereafter	Total
Operating expense purchase obligations (Note 12(b)):							
Purchased power and fuel commitments (a)	$839	$609	$416	$329	$331	$94	$2,618
Emission allowances	1	9	1	--	--	34	45
Other (b)	28	3	--	--	--	--	31
Long-term debt maturities (Note 8(b))	136	102	201	1	1	1,817	2,258
Interest - long-term debt obligations	133	120	109	103	103	1,697	2,265
Wind generation projects (Note 12(a)) (c)	312	308	43	--	--	--	663
Operating leases (Note 3)	86	77	68	106	22	16	375
Capital leases	--	--	--	--	--	4	4
	$1,535	$1,228	$838	$539	$457	$3,662	$8,259

IPL	2009	2010	2011	2012	2013	Thereafter	Total
Operating expense purchase obligations (Note 12(b)):							
Purchased power and fuel commitments (a)	$353	$301	$226	$221	$220	$48	$1,369
Emission allowances	1	9	1	--	--	34	45
Other (b)	12	--	--	--	--	--	12
Long-term debt maturities (Note 8(b))	135	--	200	--	--	663	998
Interest - long-term debt obligations	65	56	50	43	43	445	702
Wind generation projects (Note 12(a)) (c)	180	7	--	--	--	--	187
Operating leases (Note 3)	10	3	2	2	2	11	30
Capital lease	--	--	--	--	--	3	3
	$756	$376	$479	$266	$265	$1,204	$3,346

WPL	2009	2010	2011	2012	2013	Thereafter	Total
Operating expense purchase obligations (Note 12(b)):							
Purchased power and fuel commitments (a)	$375	$209	$103	$101	$111	$46	$945
Other (b)	5	3	1	--	--	--	9
Long-term debt maturities (Note 8(b))	--	100	--	--	--	689	789
Interest - long-term debt obligations	54	50	46	46	46	1,069	1,311
Wind generation projects (Note 12(a)) (c)	132	301	43	--	--	--	476
Neenah Energy Facility (Note 12(a)) (d)	95	--	--	--	--	--	95
Operating leases (Note 3(a))	68	68	61	61	19	7	284
Capital lease (Note 3(b))	15	15	15	15	15	173	248
	$744	$746	$269	$223	$191	$1,984	$4,157

(a) Purchased power and fuel commitments represent normal business contracts used to ensure adequate purchased power, coal and natural gas supplies and to minimize exposure to market price fluctuations. Alliant Energy, through its subsidiary Corporate Services, has entered into various coal commitments that have not yet been directly assigned to IPL and WPL. Such commitments are included in the Alliant Energy purchased power and fuel commitments but are not included in the IPL or WPL purchased power and fuel commitments.

(b) Other operating expense purchase obligations represent individual commitments incurred during the normal course of business that exceeded $1 million at Dec. 31, 2008.

(c) In the second quarter of 2008, Corporate Services, as agent for IPL and WPL, entered into a master supply agreement with Vestas for the purchase of 500 MW of wind turbine generator sets and related equipment to support IPL's and WPL's wind generation plans. The wind generations plans are described in more detail in "Strategic Overview - Utility Generation Plan." Minimum future commitments for capital purchase obligations related to this agreement are based on currency exchange rates and steel prices at Dec. 31, 2008. Refer to "Other Matters - Market Risk Sensitive Instruments and Positions" for further discussion of potential impacts of changes in currency exchange rates and steel prices on the minimum future commitments related to this agreement.

(d) In September 2008 and April 2008, WPL received approval from FERC and the PSCW, respectively, to purchase Resources' 300 MW, simple-cycle, dual-fueled (natural gas/diesel) electric generating facility in Neenah, Wisconsin. WPL currently plans to acquire NEF effective June 1, 2009.

At Dec. 31, 2008, Alliant Energy, IPL and WPL had $14.0 million, $9.4 million and $2.5 million, respectively, of unrecognized tax benefits recorded as liabilities in accordance with FIN 48, "Accounting for Uncertainty in Income Taxes," which are not included in the above tables. It is uncertain if, and when, such amounts may be settled with the respective taxing authorities. Related to these unrecognized tax benefits, Alliant Energy, IPL and WPL also recorded liabilities for potential interest of $1.9 million, $0.8 million and $0.3 million, respectively, at Dec. 31, 2008, which are also not included in the above tables.

Refer to Note 6(a) of the "Notes to Consolidated Financial Statements" for anticipated pension and other postretirement benefits funding amounts, which are not included in the above tables. Refer to "Cash Flows - Investing Activities - Construction and Acquisition Expenditures" for additional information on Alliant Energy's, IPL's and WPL's construction and acquisition programs. In addition, at Dec. 31, 2008, there were various other long-term liabilities and deferred credits included on the respective Consolidated Balance Sheets that, due to the nature of the liabilities, the timing of payments cannot be estimated and are therefore excluded from the above tables.

Environmental -

Overview - Alliant Energy, IPL and WPL are subject to regulation of environmental matters by various federal, state and local authorities as a result of their current and past operations. Alliant Energy, IPL and WPL address these environmental matters with pollution abatement programs, which are subject to continuing review and are periodically revised due to various factors, including changes in environmental regulations, construction plans and compliance costs. Given the dynamic nature of environmental regulations and other related regulatory requirements, IPL and WPL have established an integrated planning process that is used for environmental compliance of their future anticipated operations. Alliant Energy, IPL and WPL anticipate future expenditures for environmental compliance will be material and will require significant capital investments. Alliant Energy anticipates that prudent expenditures incurred by IPL and WPL to comply with environmental requirements likely would be recovered in rates from its customers. Refer to "Strategic Overview - Multi-emission Compliance Plan" for details of Alliant Energy's, IPL's and WPL's multi-emission compliance plans, including estimated capital expenditures. The following are major environmental matters that could potentially have a significant impact on Alliant Energy's, IPL's and WPL's financial condition, results of operations and cash flows.

	Dec. 31, 2008	Dec. 31, 2007
Tax positions favorably impacting future effective tax rates	**$1.7**	$1.5
Interest accrued	**0.3**	0.5
Penalties accrued	**--**	--

In 2009, statutes of limitations will expire for WPL's tax returns in multiple state jurisdictions. The impact of the statute of limitations expiring is not anticipated to be material.

Other Income Tax Matters - Alliant Energy files a consolidated federal income tax return and combined state income tax returns, where applicable. Under the terms of a tax allocation agreement between Alliant Energy and its subsidiaries, the subsidiaries calculate their respective income tax provisions and make payments to or receive payments from Alliant Energy as if they were separate taxable entities. Any differences between this separate return methodology and the actual filed consolidated income tax return is allocated as prescribed in Alliant Energy's tax allocation agreement. Separate return amounts are also adjusted for state apportionment benefits, net of federal tax.

(6) BENEFIT PLANS

(a) Pension and Other Postretirement Benefits Plans - Substantially all of WPL's employees are covered by non-contributory defined benefit pension plans. The assumptions at the measurement dates of Dec. 31, 2008, Sep. 30, 2007 and Sep. 30, 2006 for WPL's qualified pension benefits and other postretirement benefits were equal to the assumptions used for Alliant Energy's pension benefits and other postretirement benefits, respectively, except for the rate of compensation increase for its qualified pension benefits. WPL's rates of compensation increase for its qualified pension benefits were 3.5% for 2008, 2007 and 2006.

The components of WPL's qualified pension benefits and other postretirement benefits costs were as follows (in millions):

	Qualified Pension Benefits			Other Postretirement Benefits		
	2008	2007	2006	**2008**	2007	2006
Service cost	**$5.3**	$5.6	$6.1	**$3.3**	$3.3	$4.2
Interest cost	**15.0**	13.7	13.2	**5.5**	5.2	5.4
Expected return on plan assets	**(21.4)**	(19.2)	(17.9)	**(1.9)**	(1.8)	(1.8)
Amortization of:						
Transition obligation	**--**	--	--	**--**	--	0.8
Prior service cost (credit)	**0.8**	0.8	0.8	**(1.0)**	(1.0)	(0.1)
Actuarial loss	**1.0**	2.9	4.5	**1.0**	1.1	1.2
Income statement impacts	**$0.7**	$3.8	$6.7	**$6.9**	$6.8	$9.7

In the above table, the pension benefits costs represent only those respective costs for bargaining unit employees of WPL covered under the bargaining unit pension plan that is sponsored by WPL. The other postretirement benefits costs represent costs for all WPL employees. Alliant Energy Corporate Services, Inc. (Corporate Services) provides services to WPL, and as a result, WPL is allocated pension and other postretirement benefits costs associated with Corporate Services. The following table includes pension benefits costs (credits) for WPL's non-bargaining employees who are participants in other Alliant Energy plans, and the allocated qualified pension and other postretirement benefits costs associated with Corporate Services for WPL as follows (in millions):

	Pension Benefits			Other Postretirement Benefits		
	2008	2007	2006	**2008**	2007	2006
Non-bargaining WPL employees participating in other plans	**($2.9)**	($0.8)	$0.9	**N/A**	N/A	N/A
Allocated Corporate Services costs (a)	**0.7**	2.8	2.2	**$1.0**	$0.8	$1.3

(a) Included in pension benefits for allocated Corporate Services costs for 2007 was a settlement loss of $0.8 million related to payments made to a retired executive.

The assumed medical trend rates are critical assumptions in determining the service and interest cost and accumulated postretirement benefit obligation related to other postretirement benefits costs. A 1% change in the medical trend rates for 2008, holding all other assumptions constant, would have the following effects (in millions):

	1% Increase	1% Decrease
Effect on total of service and interest cost components	$0.6	($0.6)
Effect on postretirement benefit obligation	4.6	(4.4)

The benefit obligations and assets associated with WPL's non-bargaining employees who are participants in other Alliant Energy plans are reported in Alliant Energy's Consolidated Financial Statements and are not reported in the following tables. A reconciliation of the funded status of WPL's qualified pension benefits and other postretirement benefits plans to the amounts recognized on WPL's Consolidated Balance Sheets at Dec. 31 was as follows (Not Applicable (N/A); in millions):

	Qualified Pension Benefits		Other Postretirement Benefits	
	2008	2007	**2008**	2007
Change in projected benefit obligation:				
Net projected benefit obligation at beginning of year	**$238.6**	$233.4	**$87.7**	$89.0
Effect of change from Sep. 30 to Dec. 31 measurement date	**2.8**	--	**0.4**	--
Service cost	**5.3**	5.6	**3.3**	3.3
Interest cost	**15.0**	13.7	**5.5**	5.2
Plan participants' contributions	**--**	--	**3.0**	2.2
Plan amendments	**--**	--	**--**	0.3
Actuarial (gain) loss	**0.7**	(5.4)	**(0.1)**	1.0
Transfer to other Alliant Energy plans	**--**	--	**--**	(4.5)
Gross benefits paid	**(9.5)**	(8.7)	**(11.0)**	(9.4)
Federal subsidy on other postretirement benefits paid	**--**	--	**0.5**	0.6
Net projected benefit obligation at measurement date	**252.9**	238.6	**89.3**	87.7
Change in plan assets:				
Fair value of plan assets at beginning of year	**253.3**	225.3	**20.9**	21.5
Effect of change from Sep. 30 to Dec. 31 measurement date	**3.0**	--	**0.1**	--
Actual return on plan assets	**(82.2)**	30.7	**(5.9)**	3.2
Employer contributions	**--**	6.0	**7.5**	7.9
Plan participants' contributions	**--**	--	**3.0**	2.2
Transfer to other Alliant Energy plans	**--**	--	**--**	(4.5)
Gross benefits paid	**(9.5)**	(8.7)	**(11.0)**	(9.4)
Fair value of plan assets at measurement date	**164.6**	253.3	**14.6**	20.9
Over/(under) funded status at measurement date	**(88.3)**	14.7	**(74.7)**	(66.8)
Contributions paid after Sep. 30 and prior to Dec. 31	**N/A**	--	**N/A**	1.5
Federal subsidy on other postretirement benefits paid	**N/A**	--	**N/A**	(0.1)
Net amount recognized at Dec. 31	**($88.3)**	$14.7	**($74.7)**	($65.4)
Amounts recognized on the Consolidated Balance Sheets consist of:				
Deferred charges and other	**$--**	$14.7	**$--**	$3.0
Other current liabilities	**--**	--	**(4.5)**	(3.9)
Pension and other benefit obligations	**(88.3)**	--	**(70.2)**	(64.5)
Net amount recognized at Dec. 31	**($88.3)**	$14.7	**($74.7)**	($65.4)
Amounts recognized in Regulatory Assets:				
Net actuarial loss	**$140.9**	$37.9	**$23.7**	$17.2
Prior service cost (credit)	**4.7**	5.6	**(2.6)**	(3.8)
	$145.6	$43.5	**$21.1**	$13.4

The PSCW has authorized WPL to record the retail portion of its previously unrecognized net actuarial gains and losses and prior service costs and credits as "Regulatory assets" in lieu of "Accumulated other comprehensive loss" on its Consolidated Balance Sheet. WPL also recognizes the wholesale portion of its previously unrecognized net actuarial gains and losses and prior service costs and credits as "Regulatory assets" on its Consolidated Balance Sheet because these costs are expected to be recovered in rates in future periods under the formula rate structure implemented in 2007. These regulatory assets will be increased or decreased as the net actuarial gains or losses and prior service costs or credits are subsequently amortized and recognized as a component of net periodic benefit costs. In addition to the amounts recognized in "Regulatory assets" in the above table, $100 million and $39 million of "Regulatory assets" were recognized for amounts associated with Corporate Services employees participating in Alliant Energy sponsored benefit plans that were allocated to WPL at Dec. 31, 2008 and 2007, respectively.

Included in the following table are WPL's accumulated benefit obligations, amounts applicable to qualified pension and other postretirement benefits with accumulated benefit obligations in excess of plan assets, as well as qualified pension plans with projected benefit obligations in excess of plan assets as of the measurement dates of Dec. 31, 2008 and Sep. 30, 2007 (in millions):

	Qualified Pension Benefits		Other Postretirement Benefits	
	2008	2007	**2008**	2007
Accumulated benefit obligations	**$230.1**	$218.9	**$89.3**	$87.7
Plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligations	**230.1**	--	**89.3**	80.4
Fair value of plan assets	**164.6**	--	**14.6**	10.6
Plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligations	**252.9**	--	**N/A**	N/A
Fair value of plan assets	**164.6**	--	**N/A**	N/A

Other postretirement benefits plans are funded via specific assets within certain retirement plans (401(h) assets) as well as Voluntary Employees' Beneficiary Association (VEBA) trusts. The asset allocation of the 401(h) assets mirror the qualified pension plan assets and the asset allocation of the VEBA trusts are reflected in the following table under "Other Postretirement Benefits Plans." The asset allocation for WPL's qualified pension and other postretirement benefits plans at Dec. 31, 2008 and Sep. 30, 2007, and the qualified pension plan target allocation for 2008 were as follows:

	Pension Plans			Other Postretirement Benefits Plans	
	Target Allocation	Percentage of Plan Assets		Percentage of Plan Assets	
Asset Category	2008	Dec. 31, 2008	Sep. 30, 2007	Dec. 31, 2008	Sep. 30, 2007
Equity securities	65-75%	70%	73%	43%	49%
Debt securities	20-35%	30%	27%	12%	20%
Other	0-5%	--	--	45%	31%
		100%	100%	100%	100%

Alliant Energy sponsors several non-qualified pension plans that cover certain current and former key employees. In 2008, 2007 and 2006, the pension expense allocated to WPL for these plans was $2.0 million, $2.7 million and $2.1 million, respectively. Included for 2007 was the settlement loss of $0.8 million related to payments made to a retired executive.

WPL estimates that funding for the qualified pension plan for its bargaining unit employees and other postretirement benefits plans during 2009 will be $17 million and $8 million, respectively.

The expected benefit payments and Medicare subsidies, which reflect expected future service, as appropriate, are as follows (in millions):

	2009	2010	2011	2012	2013	2014 - 2018
Pension benefits	$9.6	$10.2	$10.8	$11.6	$12.6	$83.0
Other postretirement benefits	7.0	6.6	7.0	7.3	7.7	44.7
Medicare subsidies	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(3.2)
	$16.1	$16.3	$17.3	$18.4	$19.8	$124.5

The estimated amortization from "Regulatory assets" on WPL's Consolidated Balance Sheet into net periodic benefit cost in 2009 is as follows (in millions):

	Qualified Pension Benefits	Other Postretirement Benefits
Actuarial loss	$11.3	$1.3
Prior service cost (credit)	0.6	(0.9)
	$11.9	$0.4

In addition to the estimated amortizations from "Regulatory assets" in the above table, $7 million of amortizations are expected in 2009 from "Regulatory assets" associated with Corporate Services employees participating in Alliant Energy sponsored plans allocated to WPL.

(9) INVESTMENTS

(a) Unconsolidated Equity Investments - WPL's unconsolidated investments accounted for under the equity method of accounting are as follows (dollars in millions):

	Ownership Interest at Dec. 31, 2008	Carrying Value at Dec. 31,		Equity Income		
		2008	2007	**2008**	2007	2006
ATC (a)	16%	**$195**	$172	**($32)**	($27)	($24)
Wisconsin River Power Company	50%	**9**	10	**(2)**	(1)	(3)
		$204	$182	**($34)**	($28)	($27)

(a) WPL has the ability to exercise significant influence over ATC's financial and operating policies through its participation on ATC's Board of Directors.

Summary financial information from the financial statements of these investments is as follows (in millions):

	2008	2007	2006
Operating revenues	**$474**	$416	$347
Operating income	**260**	213	163
Net income	**192**	157	128
As of Dec. 31:			
Current assets	**53**	52	
Non-current assets	**2,499**	2,208	
Current liabilities	**253**	318	
Non-current liabilities	**1,233**	1,010	

(10) FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements - WPL's recurring fair value measurements subject to the disclosure requirements of Statement of Financial Accounting Standards (SFAS) 157, "Fair Value Measurements," at Dec. 31, 2008 were as follows (in millions):

	Fair Value Measurements at Dec. 31, 2008	Level 1	Level 2	Level 3
Derivative assets	$19.6	$--	$1.0	$18.6
Derivative liabilities	14.8	--	10.6	4.2

$18 million of property insurance payments received by IPL in 2008 for reimbursement of covered flood losses allocated to operating expenditures.

IPL's cash flows from operating activities decreased $144 million primarily due to $77 million of transmission service expenditures paid to ITC in 2008 following the sale of IPL's electric transmission assets in December 2007, $73 million of incremental operating expenditures related to the severe flooding in 2008, $50 million of higher expenditures due to changes in the level of accounts receivable sold during 2008 and 2007, $27 million of collateral payments received from counterparties of derivative contracts in 2007, $23 million of expenditures for prepaid gas in 2008 and other changes in working capital. These items were partially offset by $126 million of lower income tax payments and $18 million of property insurance payments received in 2008 for reimbursement of covered flood losses allocated to operating expenditures.

WPL's cash flows from operating activities decreased $18 million primarily due to $22 million of collateral payments received from counterparties of derivative contracts in 2007, $16 million of refunds paid to retail electric customers in 2008 for over-recovered fuel-related costs in 2007 and other changes in working capital. These items were partially offset by $32 million of lower income tax payments.

2007 vs. 2006 - Alliant Energy's cash flows from operating activities increased $186 million primarily due to lower pension plan contributions, changes in collateral paid to and received from counterparties of derivative contracts, lower interest payments due to long-term debt retirements and the impact of improved retail fuel-related cost recoveries at WPL. These items were partially offset by higher income tax payments and changes in the level of accounts receivable sold at IPL.

IPL's cash flows from operating activities decreased $15 million primarily due to higher income tax payments and changes in the level of accounts receivable sold. These items were partially offset by lower pension plan contributions and changes in collateral paid to and received from counterparties of derivative contracts.

WPL's cash flows from operating activities increased $95 million primarily due to lower pension plan contributions, changes in collateral paid to and received from counterparties of derivative contracts, the impact of improved retail fuel-related cost recoveries and other changes in working capital. These items were partially offset by higher income tax payments.

IPL's Accounts Receivable Sale Program - Changes in the levels of accounts receivable sold by IPL increased (decreased) Alliant Energy's and IPL's cash flows from operations by ($75) million, ($25) million and $25 million in 2008, 2007 and 2006, respectively. The 2008 change was partially due to IPL using a portion of the proceeds from the issuance of its senior debentures in October 2008 to reduce the amount of accounts receivable sold. Refer to Note 4(a) of Alliant Energy's "Notes to Consolidated Financial Statements" for information on IPL's accounts receivable sale program.

Pension Plan Contributions - In 2006, the Pension Protection Act of 2006 was enacted. This legislation included changes to minimum funding level requirements of pension plans beginning in 2008. In December 2008, the Worker, Retiree and Employer Recovery Act of 2008 was enacted. This legislation provides pension plan funding relief to retirement plan sponsors impacted by material losses to their retirement plan assets in 2008. Alliant Energy, IPL and WPL are currently in compliance with these two acts and expect to maintain compliance with these acts as a result of future expected pension plan contributions noted below. Pension plan contributions for 2006, 2007 and 2008 along with estimates of pension plan contributions expected to be made in 2009, 2010 and 2011 are as follows (in millions):

	2006	2007	2008	2009 (b)	2010 (b)	2011 (b)
IPL (a)	$91	$--	$--	$30	$20	$25
WPL (a)	43	--	--	20	15	15
Other subsidiaries	32	8	2	5	5	5
Alliant Energy	$166	$8	$2	$55	$40	$45

(a) Pension plan contributions for IPL and WPL include contributions to their respective qualified pension plans as well as an allocated portion of the contributions to pension plans sponsored by Corporate Services.
(b) Pension plan contributions expected to be made in 2009, 2010 and 2011 are based on the funded status and assumed return on assets as of the Dec. 31, 2008 measurement date for each plan. Refer to Note 6(a) of the "Notes to Consolidated Financial Statements" for discussion of the current funded levels of pension plans.

Hypothetical underfunded pension plan

Argument: Rather than recognize attributed debt, fully fund pension plan.

a	Rate Base ($000)	$	3,200,000
b	Equity Ratio		51.0%
c	Debt Ratio		49.0%
d	ROE		10.7%
e	Cost of Debt (Incremental)		7.0%
f	Expected return on plan assets		8.5%
g	Effective tax rate		39.5%
h	Underfunded Pension	$	100,000

Base Situation

				Pretax Cost Rate		Pretax Income	
i	Equity	$	1,632,000	17.69%	$	288,635	= (a * b) * d * (1 - g)
j	Debt	$	1,568,000	7.00%	$	109,760	= a * c
k	Total Capital	$	3,200,000		$	398,395	= h + i

Scenario: Market deterioration causes pension plan to be underfunded by $100 million.

Option A: Fully fund pension plan (ignore interim impact of FAS 87 smoothing)

				Pretax Cost Rate		Pretax Income	
l	Equity	$	1,683,000	17.69%	$	297,655	= (n * b) * d * (1 - g)
m	Debt	$	1,617,000	7.00%	$	113,190	= n * c
n	Total Capital	$	3,300,000		$	410,845	= a + h
o	Financing Difference				$	12,450	= n - k
p	Less: Reduced pension expense				$	8,500	= h * f
q	**Net Increase**				**$**	**3,950**	= o - p

Option B: No additional funding, debt attribution

	Debt Attribution						
r	Underfunded pension	$	100,000				= h
s	1 - Federal tax rate		0.65				= (1 - 35%)
t	Debt attribution	$	65,000				= r * s
u	Equity	$	1,665,150	17.69%	$	294,498	= (x * b) * d * (1 - g)
v	Debt	$	1,534,850	7.00%	$	107,440	= (x - u - w) * c
w	Debt Attribution	$	65,000		$	-	= t
x	Total Capital	$	3,265,000		$	401,937	= a + t
y	**Financing Difference**				**$**	**3,542**	= n - x

Comparison

z	Increased ratepayer cost of fully funding pension plan vs. OBS	**$**	**407**	= q - y

Conclusion: Encouraging full pension funding rather than attributing debt costs ratepayers more money in the long run.

(18) ASSET RETIREMENT OBLIGATIONS (AROs)

Alliant Energy's AROs relate to legal obligations for the removal, closure or dismantlement of several assets including, but not limited to, active ash landfills, water intake facilities, above ground and under ground storage tanks, groundwater wells, distribution equipment, easement improvements, leasehold improvements and certain hydro facilities. Alliant Energy's AROs also include legal obligations for the management and final disposition of asbestos, lead-based paint and polychlorinated biphenyls (PCB) and closure of coal yards and ash ponds. Alliant Energy believes it is probable that any differences between expenses accrued for legal AROs related to its regulated operations and expenses recovered currently in rates will be recoverable in future rates, and is deferring the difference as a regulatory asset. Refer to Note 1(b) for additional information regarding AROs recorded as regulatory assets. Alliant Energy's AROs are recorded in "Other long-term liabilities and deferred credits" on the Consolidated Balance Sheets. A reconciliation of the changes in AROs associated with long-lived assets is as follows (in millions):

	Alliant Energy		IPL		WPL	
	2008	2007	**2008**	2007	**2008**	2007
Balance at Jan. 1	**$42.8**	$38.5	**$30.9**	$27.1	**$11.9**	$11.4
Liabilities incurred (a)(b)	**7.8**	0.5	**3.2**	0.5	**4.6**	--
Revisions in estimated cash flows (c)	**7.8**	2.2	**6.7**	2.1	**1.1**	0.1
Accretion expense	**2.2**	2.2	**1.5**	1.5	**0.7**	0.7
Liabilities settled (c)	**(12.2)**	(0.6)	**(11.8)**	(0.3)	**(0.4)**	(0.3)
Balance at Dec. 31	**$48.4**	$42.8	**$30.5**	$30.9	**$17.9**	$11.9

(a) In 2008, IPL recorded an ARO of $3.2 million related to lead-based paint remediation at its Sixth Street and Prairie Creek Generating Stations required as a result of the impacts of the severe Midwest flooding at these generating stations in June 2008.

(b) In 2008, WPL recorded an ARO of $4.6 million related to its Cedar Ridge wind project.

(c) In 2008, IPL recorded revisions in estimated cash flows of $6.7 million and liabilities settled of $10.6 million due to the acceleration of asbestos remediation at its Sixth Street and Prairie Creek Generating Stations as a result of the impacts of the severe Midwest flooding at these generating stations in June 2008.

(19) VARIABLE INTEREST ENTITIES

FIN 46R requires consolidation where there is a controlling financial interest in a variable interest entity or where the variable interest entity does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. After making an ongoing exhaustive effort, Alliant Energy concluded it was unable to obtain the information necessary from the counterparties (subsidiaries of Calpine Corporation) for the Riverside and RockGen PPAs to determine whether the counterparties are variable interest entities per FIN 46R and if Alliant Energy is the primary beneficiary. These PPAs are currently accounted for as operating leases. The counterparties sell some or all of their generating capacity to WPL and can sell their energy output to WPL. Alliant Energy's maximum exposure to loss from these PPAs is undeterminable due to the inability to obtain the necessary information to complete such evaluation. In 2008, 2007 and 2006, Alliant Energy's (primarily WPL's) costs, excluding fuel costs, related to the Riverside PPA were $63 million, $64 million and $61 million, respectively. In each of 2008, 2007 and 2006, WPL's costs, excluding fuel costs, related to the RockGen PPA were $16 million.

(20) RELATED PARTIES

ATC - Pursuant to various agreements, WPL receives a range of transmission services from ATC. WPL provides operation, maintenance, and construction services to ATC. WPL and ATC also bill each other for use of shared facilities owned by each party. ATC billed WPL $82 million, $72 million and $59 million in 2008, 2007 and 2006, respectively. WPL billed ATC $9.0 million, $8.6 million and $9.9 million in 2008, 2007 and 2006, respectively. At Dec. 31, 2008 and 2007, WPL owed ATC net amounts of $5.9 million and $5.3 million, respectively. ATC also provides operation and maintenance services to IPL and billed IPL $0.2 million, $3.4 million and $3.1 million in 2008, 2007 and 2006, respectively.